

# WASHINGTON STATE DEPARTMENT OF REVENUE

## SPECIAL NOTICE

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### **Tax Changes for Providers of Tours, and Amusement & Recreation Services SHB 2590 (Chapter 148, Laws of 1996)**

The 1996 Legislature passed SHB 2590, effective **April 1, 1996**, which:

- ◆ Exempts many guided tours and guided charters from retail sales tax. However, day trips for sightseeing remain subject to sales tax.
- ◆ Reclassifies income of tour operators to the same business and occupation (B&O) tax rate (.00287) as travel agents, unless the activity is specifically taxable elsewhere.
- ◆ Makes many amusement and recreation services (including day trips for sightseeing, charter fishing, ski lifts and tows, golf, etc.) taxable in the same manner as sales of goods.

RCW 82.04.050 was amended to remove guided tours and guided charters from the definition of retail sale. In its place, day trips for sightseeing purposes was inserted. This means that guided tours and guided charters which are for periods of more than one day are no longer subject to retail sales tax.

Day trips for sightseeing are still subject to sales tax. Such taxable trips include whale watching excursions, walking tours of historic areas, bus tours, boat tours and aerial tours of scenic areas. School trips and other, similar educational tours, are not subject to the tax.

Another provision of this bill makes the income of tour operators (which was previously taxed under the service and other activities classification) taxable under the lower travel agents B&O tax classification. However, sales of lodging, meals and day trips for sightseeing are subject to sales tax. Also, activities previously subject to motor or urban transportation public utility tax remain taxable under these classifications.

Additionally, many amusement and recreation services, including day trips for sightseeing, charter fishing, ski lifts and tows, golf, etc., are taxable in the same manner as sales of goods. This means that the sale of these services:

(more)

- ◆ Are subject to retail sales tax if sold to consumers;
- ◆ May be subject to use tax if the services are consumed in this state and retail sales tax has not been paid; and
- ◆ May be sold for resale. A business which sells or provides amusement and recreation services can sell those services to another business which can then resell them to consumers. Businesses making such tax exempt sales for resale must obtain a resale certificate from their buyer.

See WAC 458-20-183 for a description of taxable amusement and recreation services.

Sellers located outside of Washington which sell or provide amusement and recreation services to consumers in this state are now required to collect Washington use tax if the seller has any presence in this state (i.e. the seller uses equipment, facilities in this state or regularly solicits orders in Washington). See WAC 458-20-193(9) for a description of use tax collection requirements for out-of-state sellers.

Because of these changes rule WAC 458-20-258 will need to be amended. If you wish to be informed of any changes to WAC 458-20-258, write to Roseanna Hodson, Legislation and Policy Division, Department of Revenue, PO Box 47467, Olympia Washington 98504-7467.

For further information, call the Department of Revenue's Telephone Information Center at 1-800-647-7706.

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